## **Spence Jeffries**

Letter of Comment No: 3802 File Reference: 1102-100

May 24, 2004

Director of Major Projects—File Reference No. 1102-100

Chairman Robert H. Herz
Order Department, Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Dear Chairman Herz:

In the competitive, near deflationary business climate where we operate today, there are strict practical limits on the amount of additional salary we can offer in return for exceptional performance. We need realistic alternatives to the expensive pay raises that many deserving employees should get. Stock options are a very useful tool to defray the costs of those pay raises by giving ownership to an employee in trade. The FASB could be taking an action that may prevent us from using stock options in such a manner if they require us to expense them as they are dispensed!

Stock options are a legitimate business expense, but you cannot know the size of that expense until the options are actually exercised. This new proposal leaves us in the position of estimating costs, rather than basing the numbers on facts. How is this helpful to any business?

I am confident that you will see the disadvantages of the mandatory expensing of stock options as small business owners across America see them. This would be a true detriment to the business sector of our country, at a time when we need it the least. Please weigh my comments into your decision.

Warm Regards

Spence Jeffnes